



# New Jersey Motor Vehicle Commission

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## STATE OF NEW JERSEY

**Jon S. Corzine**  
Governor  
**Sharon A. Harrington**  
Chief Administrator

**To: New Car Dealers**  
**From: NJ Motor Vehicle Commission**  
**Date: 7/15/06**  
**Subject: 0.4% Surcharge on new luxury or fuel-inefficient vehicle purchases and leases**

Effective July 15, 2006, new car dealerships will be responsible for collecting a 0.4% surcharge on the sale of new passenger vehicles, light trucks, SUVs, or vans for which the following conditions apply:

1. **The gross sales/lease price of the new vehicle is \$45,000 or greater, before trade-in, manufacturers rebates, or additional Handicapped Driver Adaptive Equipment.**

**AND/OR**

2. **The new vehicle has an average EPA mile/gallon (city and highway) rating of less than 19.**

*(Some exemptions apply.\* The gross sales price means the gross selling price appearing on the contract of sale, while the gross lease price means the capitalized cost as stated in the agreement between a lessor and a lessee. )*

### **Who collects the surcharge?**

This surcharge will be assessed and collected by both New Jersey and out-of-state dealers for all applicable vehicles being titled in New Jersey. Remittal instructions for the surcharge are below. Please check [www.njmvc.gov](http://www.njmvc.gov) for frequent updates.

### **Titling process changes:**

All new car dealers which currently collect and remit NJ sales tax will be responsible for assessing the sales/lease surcharge and paying the same electronically to the Division of Revenue. An internet service is being developed for electronic surcharge payments. Visit [www.nj.gov/njbgs](http://www.nj.gov/njbgs) for updates on the availability of the new service.

Please note that the new surcharge must be reported and remitted on a quarterly basis to the Division. No changes will be made to the existing sales tax reporting and remittance processes. The two assessments will be kept separate.

Out-of-state new car dealers without NJ Tax ID numbers will also be responsible for calculating and assessing the surcharge. These dealers will submit the supplied paperwork, along with the applicable surcharge, to a NJ Motor Vehicle Agency for Title and Registration processing.

To accommodate the surcharge law, the NJ MVC has created a new *Application for Certificate of Ownership for a New Vehicle* that will be used for the initial title processing of all new vehicles, regardless of whether this surcharge is applicable. The new form will eliminate the use of the dealer sales tax stamp that is currently used on the back of the Manufacturers Certificate of Origin. The new MVC title application contains all the necessary reporting fields for new vehicles only. Please keep in mind to continue the use of the tax stamp for all used vehicle sales.

### **\*This surcharge shall not apply to:**

1. Vehicles with a gross sales/lease price of less than \$45,000 but which exceed a net sales/lease price of \$45,000 due to the addition of Handicapped Driver Adaptive Equipment, provided however, the vehicle's EPA MPG rating is not less than 19.
2. Vehicles with a gross sales/lease price that is equal to or greater than \$45,000.00 AND has an average EPA MPG rating over 40. (Add both city and highway ratings and divide by 2)
3. Vehicles certified as a zero emission vehicle by the Commissioner of Environmental Protection.
4. New vehicles that will be registered as commercial vehicles. (Includes taxis, limousines-for-hire, motor homes, and non-conventional vehicles)
5. Vehicles where the purchaser/lessee is a non-resident of New Jersey, and a Title Only is obtained to show a New Jersey lienholder.